

Good morning, my name is Cindy Ehnes and I am Director of the California Department of Managed Health Care. I'd like to thank you all for joining us today.

The purpose of our call is to gather with our consumer advocacy partners in anticipation of several key federal health care reforms that will officially become effective this Thursday, September 23. As you may have guessed, all of the agencies involved in health care reform have been a little busy lately, as have all of you, to prepare for assisting our respective clients, answering questions and advising our federal partners as reforms continue to take shape and gain more clarity.

Many of these first reforms directly affect our current insurance and health coverage marketplace and therefore, the DMHC is perhaps more front and center than some other agencies at this point in time. It is the intent of the Administration to keep reaching out, perhaps with other agencies on the Governor's Health Care Reform Implementation Task Force, over the next few months.

But for now, this call will center on the insurance reforms that are going into effect on Thursday, inform you about the services available to you and your clients through the DMHC Help Center and their preparations to be a key resource for you and most importantly gain feedback and input from you on things you may already be hearing from your clients. We'll then wrap up by answering questions and gaining feedback from you on how we can all work together to make this transition as transparent and successful as possible for California health care consumers.

I realize that many of you may have questions that go beyond the insurance reforms going into effect this week. Please note that we

will be happy to pass on any questions to the appropriate agency regarding issues such as the 1115 waiver, disability access or any others outside the insurance reforms, but we will not be able to provide the information on this call.

I'm joined here today by several key members of my staff who will provide more detail about the insurance reforms and Help Center services in a few minutes, but I will introduce them now. First, we have Tim LeBas, our Assistant Deputy Director of the Office of Legal Services, which handles legislative and policy analysis matters. Tim has been my key point person on the Governor's Task Force. Next we have Andrew George, Assistant Deputy Director of the Help Center and he is joined by Laura Dooley-Beile, a senior manager at the Help Center. They will tell you about the Help Center's readiness to answer questions for your clients but also help with your specific questions today.

As you know, Governor Schwarzenegger is taking action to implement the Patient Protection and Affordable Care Act in California and is working with federal officials to ensure that the state receives the resources and flexibility it needs to deliver on the promise of expanded coverage, affordability and improved health outcomes.

In April, just weeks after the federal reform law was signed, the Governor convened a Health Care Reform Implementation Task Force comprised of senior leaders across state government to ensure that California responsibly implements the immediate provisions of the federal reforms and prepares for the longer-term changes to the health care delivery system in California.

The Governor has outlined four priorities for implementation:

- ❖ *Improving Access to Private Health Insurance for Persons with Pre-Existing Medical Conditions*

- ❖ *Improving the Quality and Security of Private Health Insurance by Enforcing New Federal Insurance Rules*
- ❖ *Developing a Health Benefit Exchange to Make it Easier to Shop For and Buy Insurance*
- ❖ *Focusing on Prevention and Wellness*

T The new law is to be phased in between 2010 and 2014. On Thursday, several key insurance reforms take effect. These are that insurance companies will be prohibited from denying coverage to children under the age of 19 due to a pre-existing condition; young adults will be allowed to stay on their parents' plan until they turn 26 years old; preventive services to help detect or prevent diseases or other issues affecting health status must be covered without charging a deductible, co-pay or coinsurance; annual or lifetime limits on coverage can no longer be imposed by health plans; and something near and dear to our hearts at the DMHC, rescissions of coverage are illegal except in the case of fraud or misrepresentation on a health history questionnaire. I'm proud to say that the success of the DMHC in 2008 and 2009 to make rescission illegal in California, led to the inclusion of this provision in the federal health care reform law.

I'd also like to point out that people in existing plans may not be eligible for all of the changes right away. We'll go into more detail in this area later in the call. But, be assured that, where the "new rights" are afforded to people in new or existing plans, we will make certain that plans are complying with the law.

Even though Thursday is the official effective date for these reforms, we've reached some key milestones already.

California has already succeeded in implementing the first priority, the establishment of the new Pre-Existing Conditions Insurance Plan, for people previously unable to obtain private health insurance due to preexisting medical conditions and have been

uninsured for at least six months. The new program will begin coverage this month and has already been accepting applications.

We've also been successful in securing a \$1million grant from the federal government jointly awarded to the Department of Managed Health Care with the CA Department of Insurance under the Health Insurance Premium Rate Review grant program. The grant money will be used to retain actuarial services and necessary information technology upgrades.

We've been busy working with consumer groups and other key stakeholders as implementation has been approaching. We've participated with many of you on conference calls with federal officials and reached out to you as we've been asked to provide comments on federal regulations. Your consumer representative on the National Association of Insurance Commissioner work groups, Beth Abbott of Health Access, has done an outstanding job and we appreciate her collaboration and leadership. We've also worked with many of you on developing language contained in several legislative proposals, for which we all are awaiting the Governor's action. In addition, other divisions within the DMHC have been very busy preparing for regulatory oversight under health care reform, especially in the areas of licensing and financial examinations.

So, even before many of the key reforms have even gone into effect, much has been accomplished but of course, we all know there is still much to do. But I am here to tell you that the Department of Managed Health Care, as well as other agencies on the Governor's Task Force, are well-positioned to assist you and tackle the upcoming challenges.

I'd now like to turn it over to Andrew George, who will detail more information about what has been going on behind the scenes at the Help Center.

## CLOSING STATEMENT

I'd like to thank everyone for joining us today and I hope the information presented has been helpful as we all work together to assist Californians navigate the changes brought under health care reform. Please do not hesitate to reach out to our excellent Help Center staff or legal staff for advice and assistance.

Thank you.